



Grand Traverse County Treasurer 2018 Annual Report

Treasurer

Heidi M Scheppe, MBA, CPFO

Cindy Green, Chief Deputy

Sarah Gum, Deputy Treasurer

Kristen Lambert, Deputy Treasurer

Patti Leasure, Deputy Treasurer

The mission of the Grand Traverse County Treasurer is to serve taxpayers with respect, professionalism and commitment to customer service above and beyond what is expected.

The County Treasurer is elected to a four-year term and serves as the custodian of all County funds. The Treasurer is a member of the Plat Board, Elections Commission, County Apportionment Commission, Treasurer of the Grand Traverse County Building Authority, Treasurer of the Brownfield Redevelopment Authority and Chair of the County Lank Bank Authority.

The Treasurer's Office core responsibilities include:

- Handling and reconciling cash for a 145 million dollar budget.
- Investing County funds while considering fund security, cash flow requirements and adherence to Public Act 20.
- Purchasing and collecting delinquent property taxes for 13 Townships, 2 Villages and the City of Traverse City.
- Working with the local unit Treasurers and Assessors to process any property tax adjustments and report accurate values to the State of Michigan and taxing jurisdictions.
- Selling and maintaining accurate records of all dog licenses in the County.
- Providing Deed Tax Certifications and Delinquent Tax Search services.
- Providing passport processing services.

June 1, 2019

I hereby submit this annual report to the County Board of Commissioners. I hope you find it informative; and I encourage you to contact me with any questions or comments. Please note the 2018 information contained in this report is unaudited.

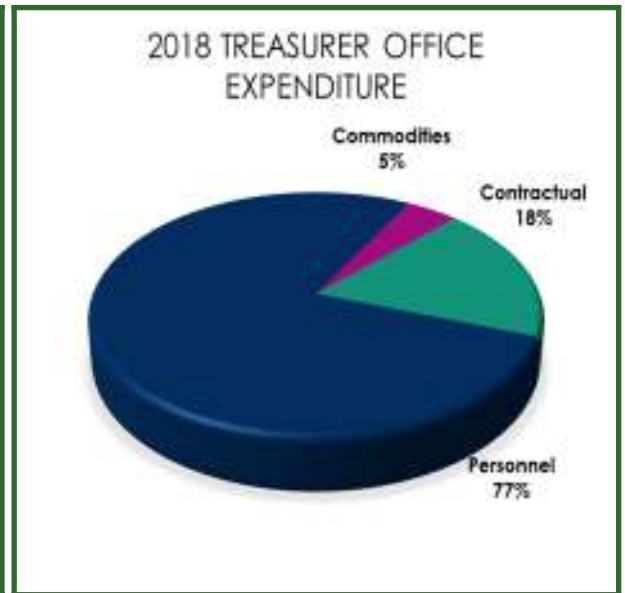
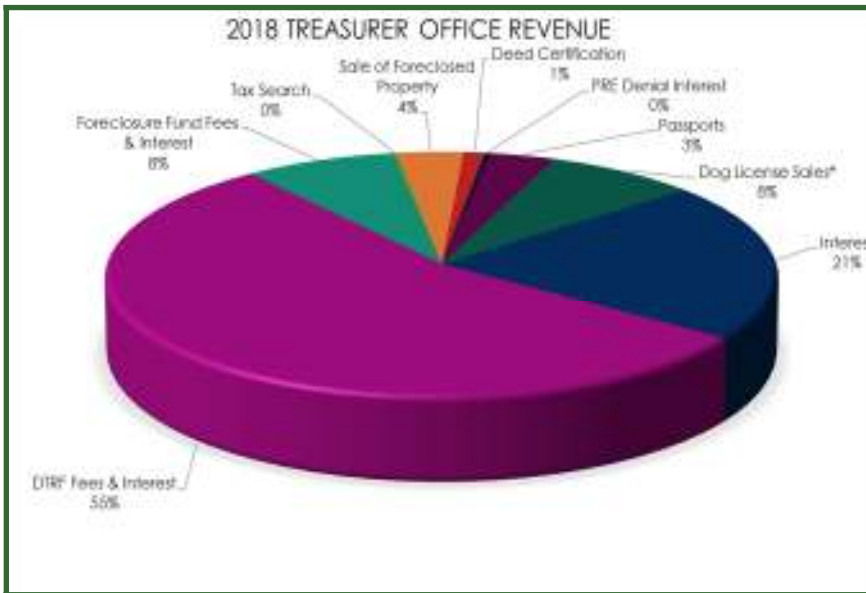
Respectfully submitted,

Heidi Scheppe

Treasurer's Office Revenue vs Expenditure

2018 Total Treasurer Revenue		2018 Total Treasurer Expenditure	
Interest	\$ 332,475.89	Personnel	\$ 345,235.10
DTRF Fees & Interest	\$ 861,662.67	Commodities	\$ 17,447.05
Foreclosure Fund Fees & Interest	\$ 124,089.95	Contractual	\$ 28,985.83
Tax Search	\$ 3,307.50	General Fund	\$ 391,667.98
Sale of Foreclosed Property	\$ 54,850.00	Personnel	\$ 85,866.96
Deed Certification	\$ 17,259.00	Commodities	\$ 6,839.39
PRE Denial Interest	\$ 5,021.53	Contractual	\$ 73,018.01
Passports	\$ 52,950.00	Foreclosure/PRE Fund	\$ 165,724.36
	\$ 1,451,616.54	Total Expenditure	\$ 557,392.34
Dog License Sales*	\$ 125,918.00		
Total Revenue	\$ 1,577,534.54		

*Collected in office for Animal Control



New in 2018

- Although delinquent tax buyout is up compared to 2017, fees and interest did decrease, this is most likely due to taxpayers making their payments earlier in the forfeiture process. Please note these fees are not retained in our office but rather paid out during recording/redemption process of forfeiture.
- A portion of the Foreclosure/PRE fund pays for PRE audit personnel. We have experienced a decrease of almost 89% in PRE denial interest compared to 2017 due to the loss of PRE Audit personnel. We will continue to see a decrease in these funds unless this position is reinstated by the County.
- The cost of our BS&A delinquent and tax software was paid by the Foreclosure Fund again in 2018 to help the General Fund budget.

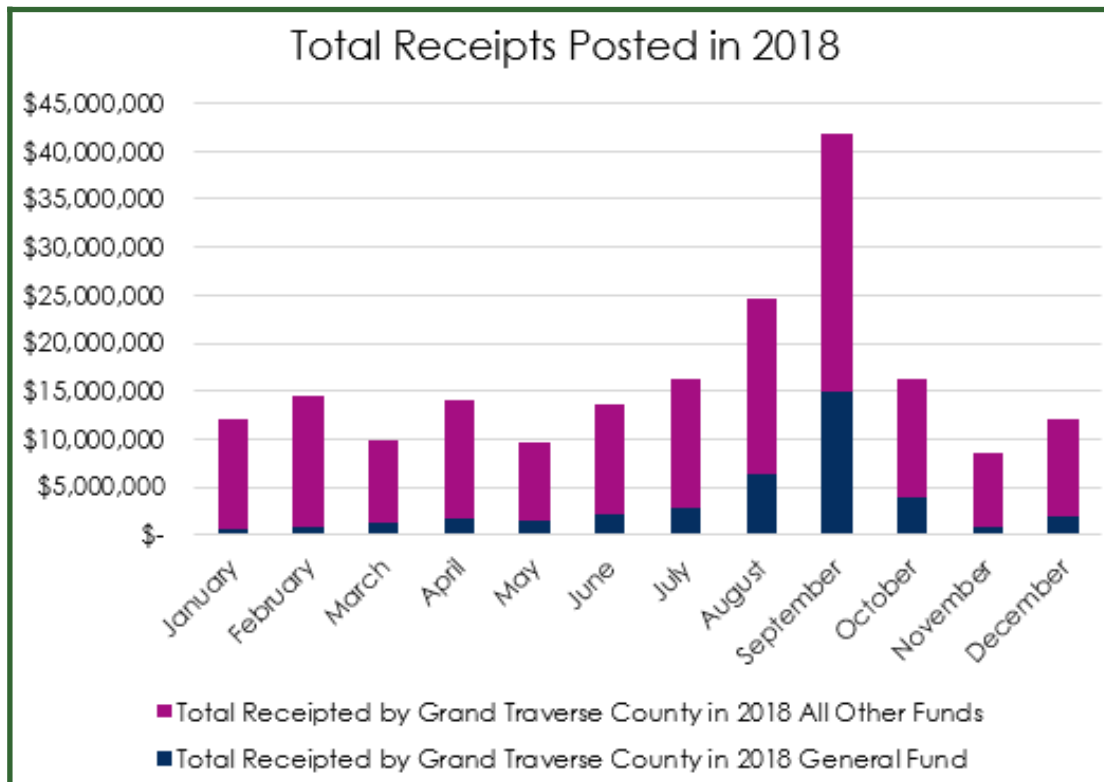
Receipting of Money by Treasurer

The County Treasurer's Office is the depository for all county funds in accordance with Act No. 40, Public Acts of Michigan 1932.

It is the responsibility of the Treasurer's Office to receipt all money coming into the County. We maintain and reconcile over 50 bank accounts to properly track and account for these funds.

Functions associated with this procedure include receipting invoice payments processed through the mail, counting and receipting department money, verifying distribution line items, posting to general ledger and receipting all monies received as EFT's and credit cards distributions through our bank accounts.

Below is a graph showing the cash flow throughout 2018.



Total Received by Grand Traverse County in 2018		
	General Fund	All Funds
January	\$ 638,633.95	\$ 12,181,783.27
February	\$ 828,577.67	\$ 14,512,994.62
March	\$ 1,360,322.01	\$ 9,973,320.99
April	\$ 1,665,381.35	\$ 14,068,617.45
May	\$ 1,483,864.40	\$ 9,570,547.95
June	\$ 2,280,121.96	\$ 13,555,490.83
July	\$ 2,894,180.94	\$ 16,180,958.46
August	\$ 6,340,665.87	\$ 24,605,739.14
September	\$ 15,002,978.50	\$ 41,916,829.88
October	\$ 3,988,212.81	\$ 16,364,956.65
November	\$ 829,203.13	\$ 8,465,679.71
December	\$ 1,874,497.88	\$ 12,028,542.28
Total	\$ 39,186,640.47	\$ 193,425,461.23

Investments

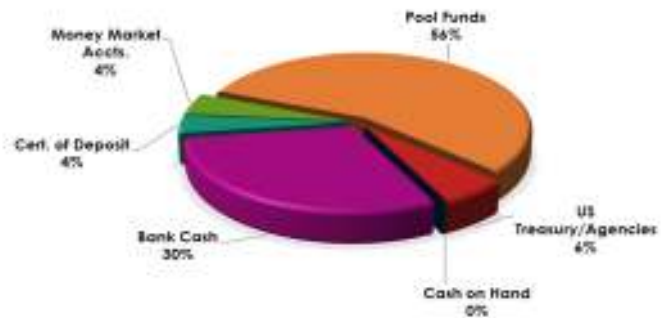
There are many pools of funds within the County each designed to collect, report and pay out the amounts available for specific purposes. The largest of the funds is the General Fund, which is the primary operating fund of the County.

- **Year End Portfolio** provides a breakdown of where County Funds were invested at 12/31/18.
- **Diversification by Investment** shows the percentage of the funds held in each investment type.
- **Common Cash Balances** graph is used to understand trends in cash levels, and provides a multi year running look at the total dollars in the common account at month end.

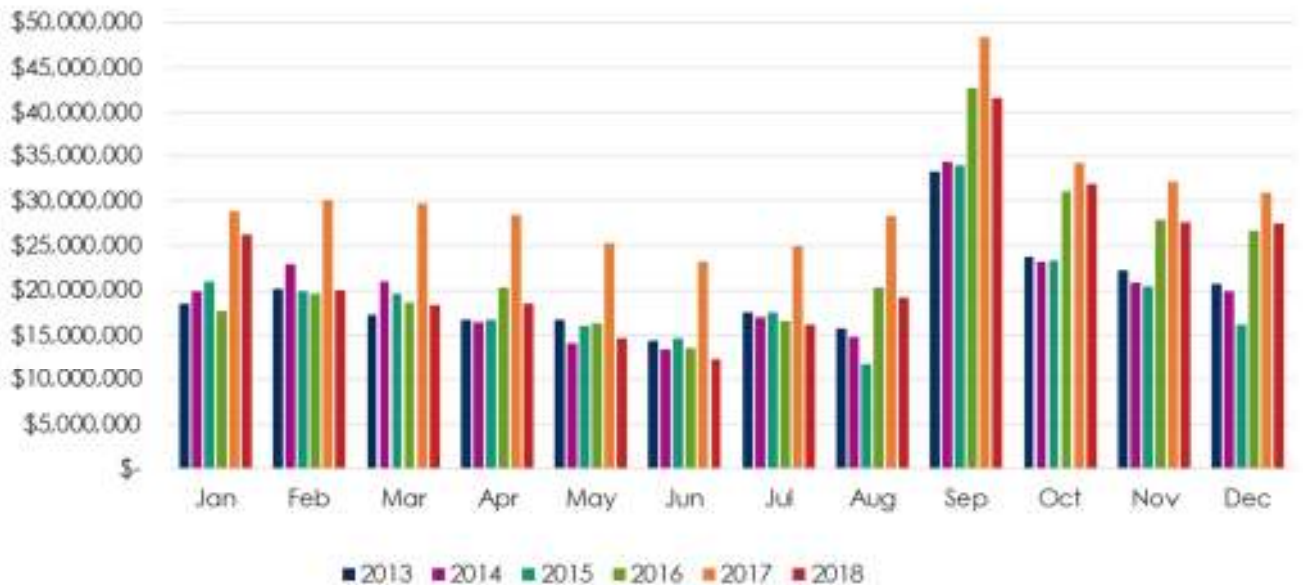
2018 Year End Portfolio

Cash on Hand	\$	9,012.75
Bank Cash	\$	15,483,569.83
Cert. of Deposit	\$	2,012,400.20
Money Market Accts.	\$	2,394,889.94
Pool Funds	\$	28,825,017.88
US Treasury/Agencies	\$	3,030,000.00
Total	\$	51,754,890.60

2018 DIVERSIFICATION BY INVESTMENT TYPE



Common Cash Balances



- Average monthly carrying balance in Trust & Agency is 3.8 million, down from 4.1 million in 2017.
- Average monthly carrying balance for the Pavilions is 7.65 million, down from 7.7 million in 2017.

New in 2018

We paid out 5.9 million from the General Fund towards MERS retirement debt in February 2018.

Delinquent Tax

It is the responsibility of the County Treasurer to collect delinquent real property taxes. Functions associated with delinquent taxes include receipting payments, processing adjustments to prior year tax rolls (for up to 20 yrs.), processing bankruptcy claims, along with being the Foreclosing Governmental Unit.

Beginning March 1st of each year the County Treasurer “purchases” delinquent real property taxes from the local units utilizing the cash in the delinquent tax revolving fund. We collect payments on the delinquent parcels for a period of not less than 24 months. During that time we follow an extensive State mandated notification process which includes regular postal mail, certified mail, personal service (visit/hand deliver) to the property and publication in the local newspaper. We file a petition for foreclosure with the 13th Circuit Court. If payment is not received by the 3rd year of assessment we foreclose on the parcel and attempt to sell the parcel at auction. Prior to the auction, per Public Act 123 of 1999, the State is granted the right of first refusal to purchase any foreclosed parcels, local units and County Land Bank have a right of refusal, after the State, for any parcels in their jurisdiction.

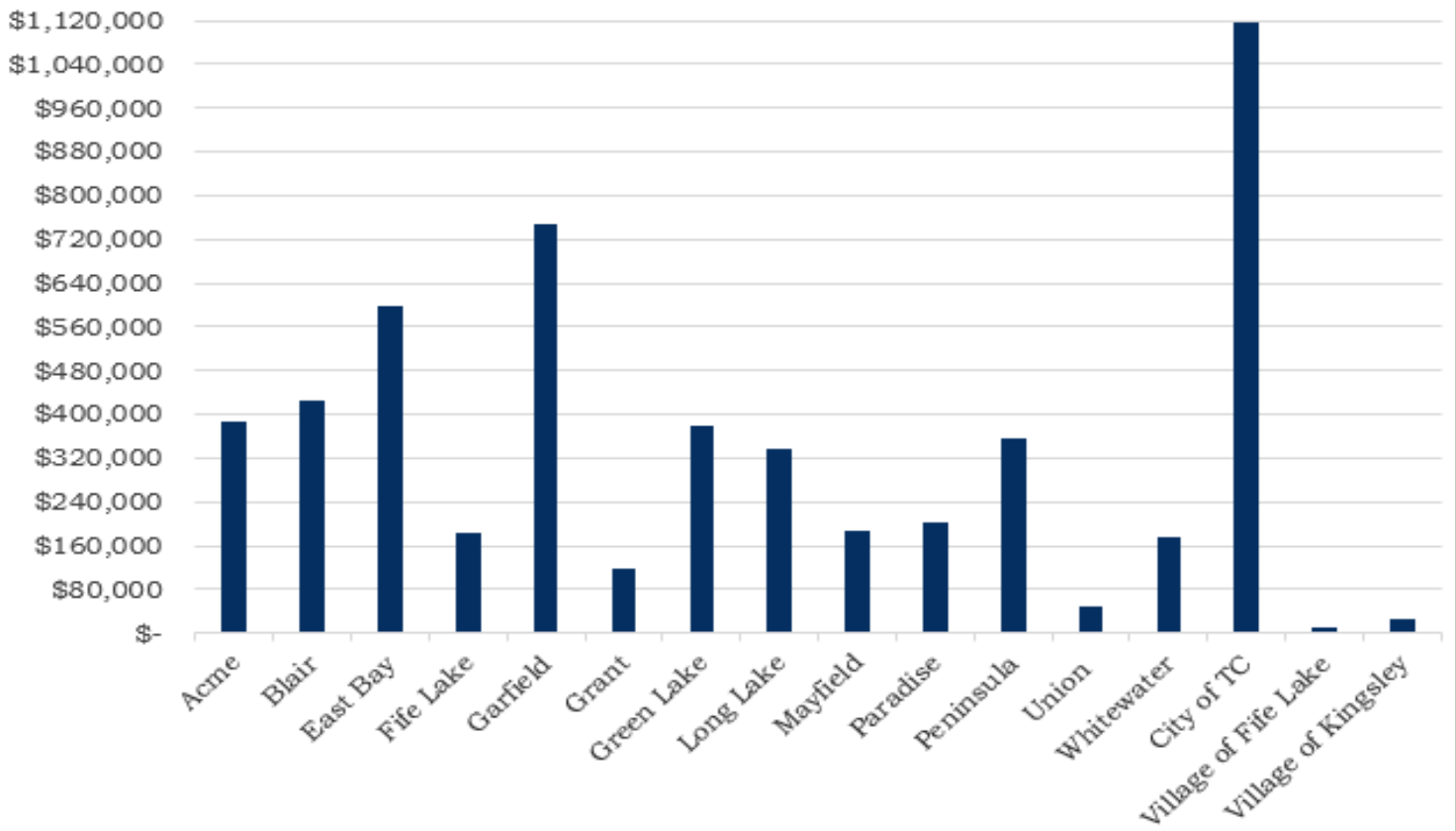
The performance measurements for delinquent tax administration are designed to: increase efficiencies to be better able to manage additional workload without staff additions, to reduce unit costs in managing forfeitures and foreclosures, and to institute foreclosure prevention programs. One of the prevention methods provided by the board is a Hardship Extension, which gives those taxpayers that have had an unusual circumstance in their life, time to set up a payment plan to keep from losing their property. It was used to protect 10 properties from foreclosure in 2018. In addition to the Hardship Extension, we directed at risk taxpayers to the MSHDA Step Forward Program providing assistance to 5 taxpayers generating \$ 16,995.70 in tax payments. In addition to these programs, we provide taxpayers with a variety of payment options: cash, check, credit/debit card, electronic funds transfer, and an ACH payment option, which provides the taxpayer the ability to make weekly or monthly payments.

Personal Visits

Our office performed PA 123 inspections on 212 parcels in September. This physical site visit to each parcel is required to provide parcel description information to Title Check, LLC for future potential foreclosure. Parcels that were found vacant/abandoned or unoccupied at time of visit required posting of property in a visible area. If occupant was present, we advised the occupants of their rights and the foreclosure process. We had many conversations with taxpayers, explaining the tax law, due dates and opportunity for assistance with delinquent taxes.

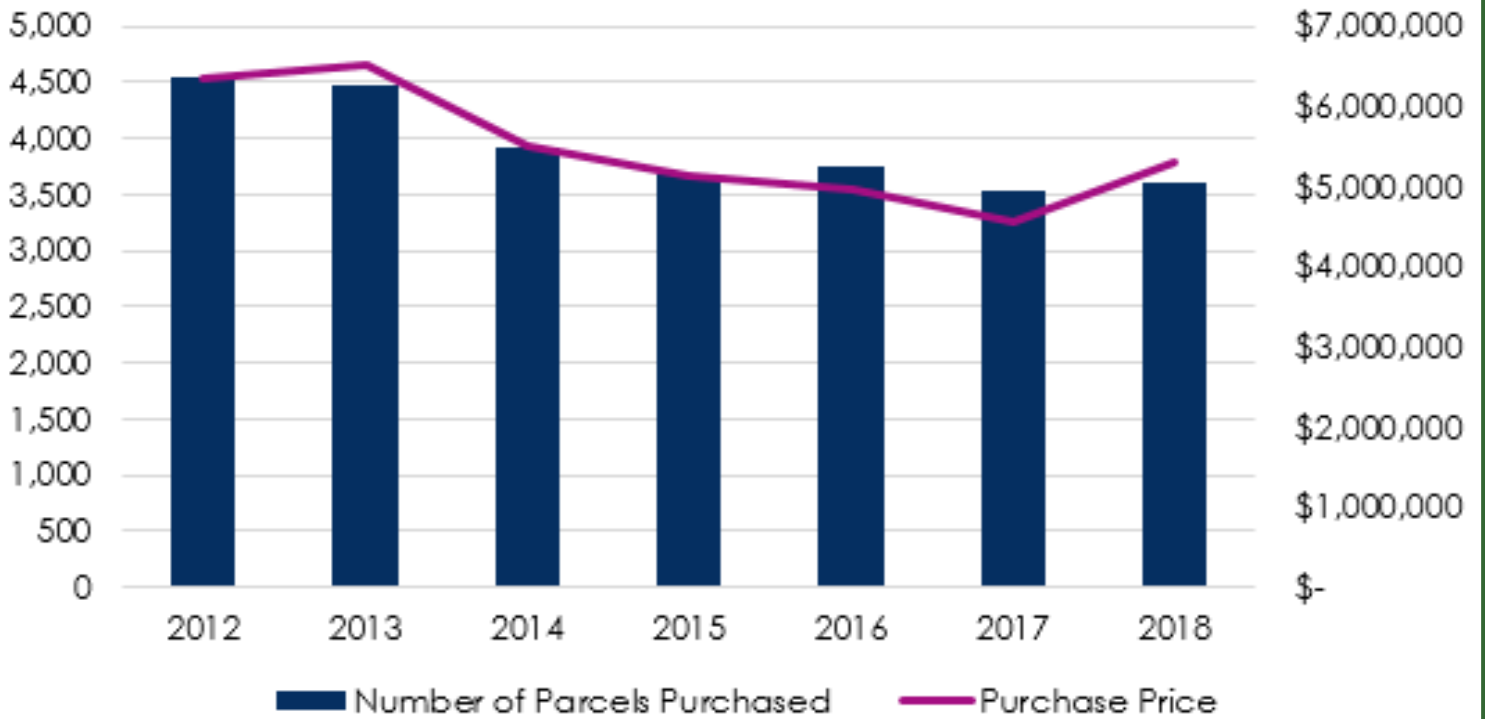
Real Taxes Returned Delinquent					
Tax Year	2018	2017	2016	2015	2014
No. of Properties	3602	3540	3756	3670	3915
Amount Purchased	\$ 5,297,426.25	\$ 4,568,613.02	\$ 4,973,605.30	\$ 5,120,958.18	\$ 5,504,078.62
Tax Collections, Calendar Year	2018	2017	2016	2015	2014
No. of Receipts	4631	5029	5068	6197	5898
Delinquent Tax Collected	\$ 4,839,787.47	\$ 5,353,198.62	\$ 5,079,212.45	\$ 6,725,269.79	\$ 8,340,799.70
Interest & Fees	\$ 882,581.68	\$ 953,283.81	\$ 781,586.12	\$ 1,227,032.74	\$ 1,322,479.66
Credit Cards / EFT	\$ 744,136.65	\$ 725,525.32	\$ 622,639.08	\$ 623,706.31	\$ 325,132.30
Tax Roll Adjustments, Calendar Year	2018	2017	2016	2015	2014
Michigan Tax Tribunal, Board of Review,	398	456	524	690	607
PRE Denials, etc.					
Forfeiture/Foreclosure					
Properties Forfeited	416	453	494	556	848
Properties Foreclosed	4	22	15	21	24
Hardship Extension	10	8	9	16	15

2018 Delinquent Taxes "Purchased" by Unit



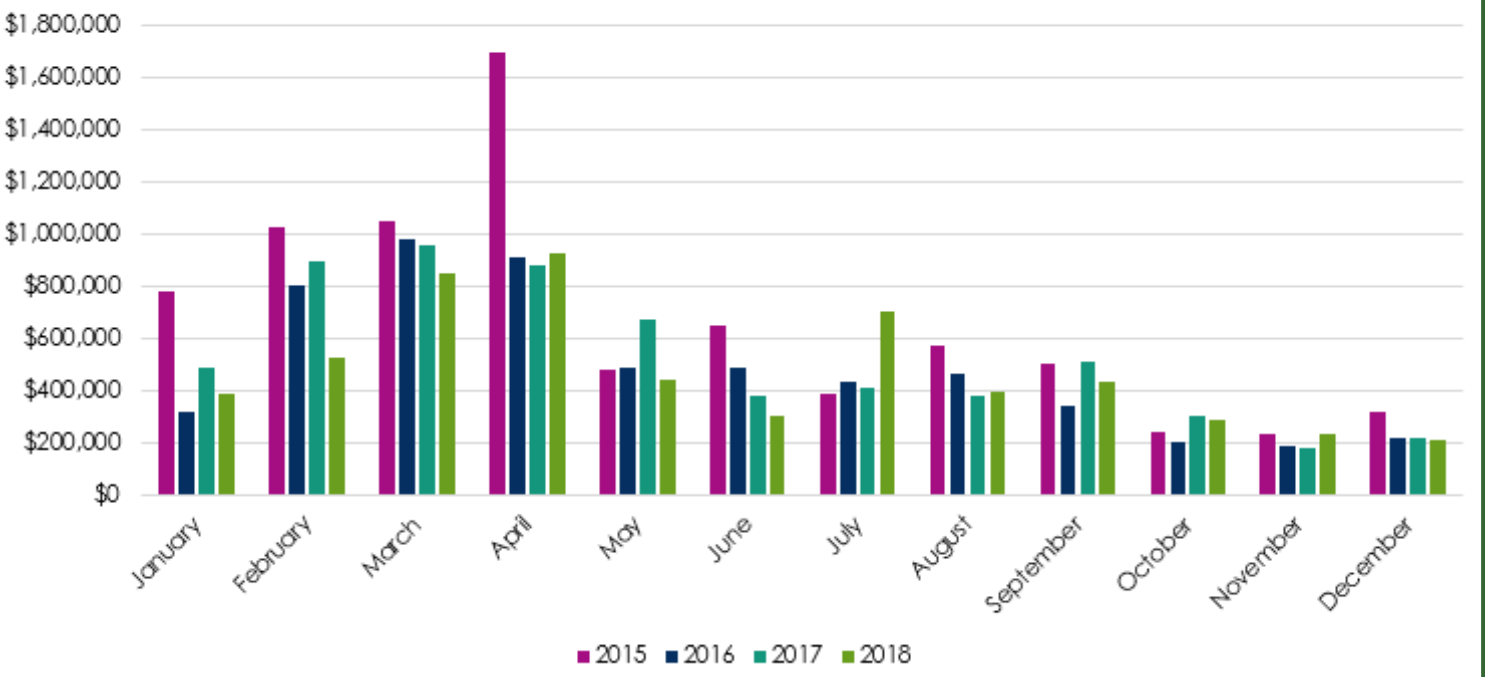
Township	2018		Amount "Purchased" by County	Balance to Collect by Township/ Village (Personal Property)
	Total Adjusted Levy	Payments Made at Township/ Village		
Acme	\$ 11,838,742.87	\$ 11,458,925.74	\$ 384,980.85	\$ 8,527.27
Blair	\$ 9,759,090.83	\$ 9,335,642.87	\$ 423,531.06	\$ 13,814.72
East Bay	\$ 19,643,159.58	\$ 19,050,457.89	\$ 598,193.81	\$ 18,603.78
Fife Lake	\$ 1,924,032.87	\$ 1,739,206.77	\$ 184,296.99	\$ 2,995.04
Garfield	\$ 32,549,911.29	\$ 31,804,062.72	\$ 748,112.13	\$ 24,658.06
Grant	\$ 1,732,354.61	\$ 1,617,439.41	\$ 116,947.81	\$ 857.16
Green Lake	\$ 9,692,259.76	\$ 9,325,918.87	\$ 378,921.17	\$ 317.95
Long Lake	\$ 14,784,139.43	\$ 14,460,406.33	\$ 335,606.16	\$ 1,650.47
Mayfield	\$ 1,709,154.91	\$ 1,520,706.60	\$ 189,001.94	\$ 3,149.62
Paradise	\$ 3,936,001.50	\$ 3,732,623.47	\$ 203,204.94	\$ 3,207.75
Peninsula	\$ 22,756,754.52	\$ 22,407,645.00	\$ 357,964.17	\$ 1,546.01
Union	\$ 844,629.73	\$ 796,131.12	\$ 48,832.29	\$ 79.48
Whitewater	\$ 6,343,803.74	\$ 6,173,262.62	\$ 177,007.04	\$ 131.26
City of TC	\$ 47,078,906.50	\$ 45,868,465.64	\$ 1,115,418.29	\$ 142,669.15
Village of Fife Lake	\$ 118,000.25	\$ 107,712.00	\$ 9,807.65	\$ 480.60
Village of Kingsley	\$ 291,560.31	\$ 265,652.68	\$ 25,599.95	\$ 307.68
Totals	\$ 185,002,502.70	\$ 179,664,259.73	\$ 5,297,426.25	\$ 222,996.00

Real Taxes Returned Delinquent



Total number of delinquent parcels purchased compared to the tax amount owed.

Delinquent Tax Collection



Total amount of delinquent tax revenue collected by month.

Dog and Kennel License Program

The County Treasurer's Office manages the dog and kennel licensing revenue per state statute, Act 339 of 1919. Per Act 339 it shall be unlawful for any person to own any dog 6 months old or over, unless the dog is licensed as hereinafter provided. A County dog license provides ownership information, verifies the dog is currently vaccinated for rabies, and is in compliance with State Law.

In 2016 our office researched statewide county rate structures and presented a new rate and license structure that was approved by the Board of Commissioners and became effective 1/1/2017. This rate increase has provided additional revenue to support the Animal Control Program in Grand Traverse County as you will see below.

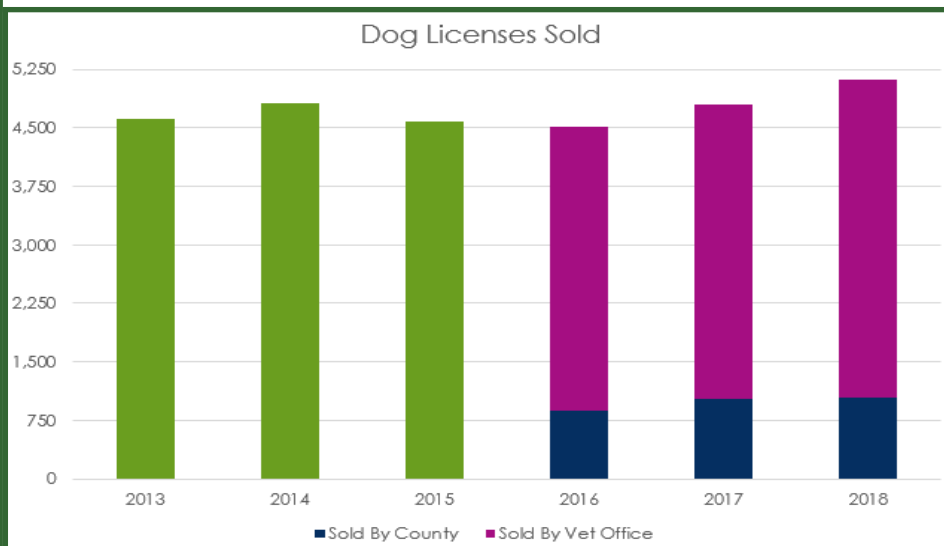
2018 Rates	Spayed/Neutered	Intact
Puppy 8 mo. old and younger	\$ 8.00	\$ 8.00
1 year	\$ 15.00	\$ 30.00
3 year	\$ 30.00	\$ 60.00

We continue to provide an online dog license lookup on our website to help the public reunite lost dogs with their owners. It has been a hit and is referenced in social media posts for lost dogs in Grand Traverse County.

	No. of Licenses	Dog Licenses	Kennel Licenses
2013 Revenue	4615	\$ 75,815.00	\$ 350.00
2014 Revenue	4811	\$ 80,665.00	\$ 320.00
2015 Revenue	4580	\$ 78,980.00	\$ 280.00
2016 Revenue	4519	\$ 79,460.00	\$ 255.00
2017 Revenue	4803	\$ 118,136.00	\$ 235.00
2018 Revenue	5110	\$ 125,918.00	\$ 210.00

Our office sells dog licenses year round. We also partner with most of the local Veterinarian offices to sell our licenses year round as well. This creates an easy avenue for citizens to purchase a dog license at the same time they are vaccinating their dog for rabies. Veterinarians provide monthly sales details to our office which we audit, enter into AS400, and send out official receipts to citizens detailing the license information as mandated by State law. Veterinarians who partner with the County to sell licenses on our behalf receive a commission based on the number/type of licenses sold. In 2018 our licensing partners sold/issued 80% of our total license sales.

*2017 increase in veterinary commissions due to implementation of new license fee structure.

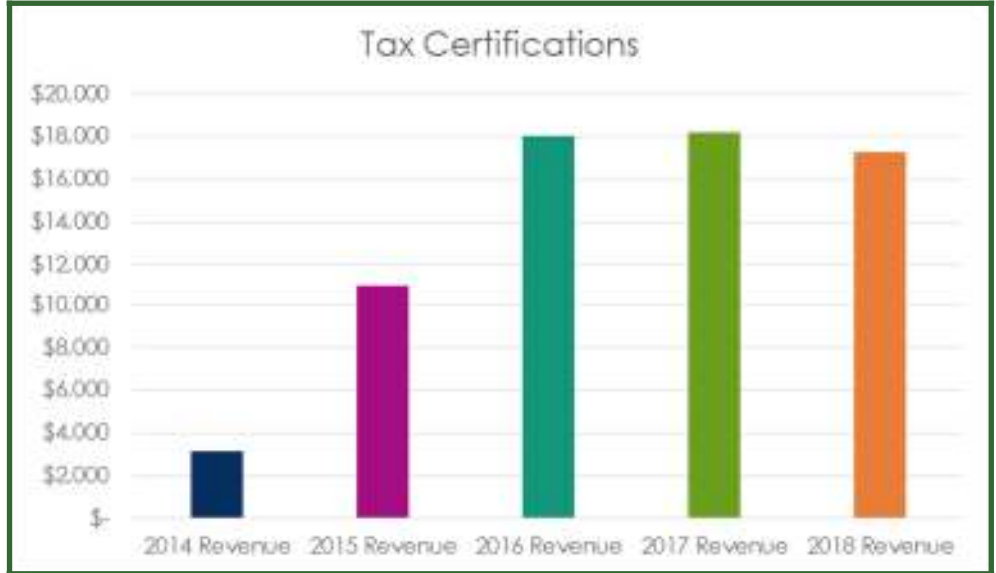


	Commissions paid to licensing partners
2013	\$ 8,825.00
2014	\$ 9,174.00
2015	\$ 9,200.00
2016	\$ 8,506.00
2017*	\$ 10,467.25
2018	\$ 11,489.25

Tax Certifications and Searches

It is the Treasurer's Office responsibility to certify that all property taxes are paid on instruments transferring real estate in Grand Traverse County prior to them being recorded with the County Register of Deed's Office (State Statute MCL 48.101.) Tax certification requests can be submitted in person or by electronic filing.

Certifications	
2014 Revenue	\$ 3,154.60
2015 Revenue	\$ 11,036.60
2016 Revenue	\$ 18,025.00
2017 Revenue	\$ 18,188.40
2018 Revenue	\$ 17,259.00



* Tax certification fee increased from \$1.00 to \$5.00 in July of 2015 causing the significant revenue increase.

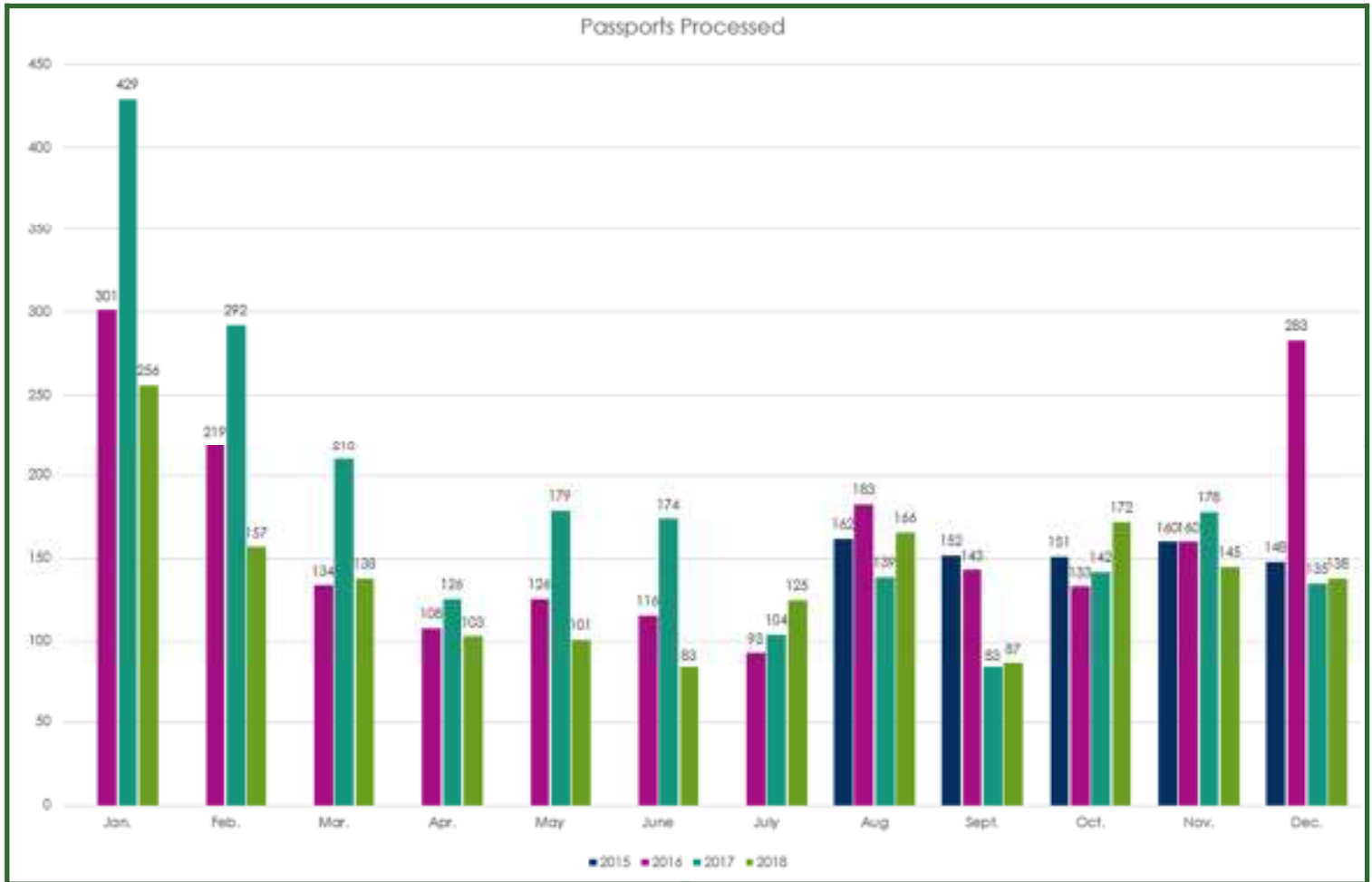
A tax search is a written tax status verification from the Grand Traverse County Treasurer's Office. The tax search requests are received by mail, FAX, and email. We offer delinquent tax look up online where owners can research their own properties for free or a \$2.00 fee for properties other than their own. Two public terminals are located in the Governmental Center for the public to do their own property tax search free of charge.

	Delinquent Searches In Office	Delinquent Searches Online	Complete Database
2014 Revenue	\$ 3,078.00	\$ 1,229.60	\$ 3,633.75
2015 Revenue	\$ 2,911.00	\$ 415.60	\$ 1,879.25
2016 Revenue	\$ 749.00	\$ 721.80	\$ 2,122.00
2017 Revenue	\$ 787.00	\$ 1,871.97	\$ 1,557.50
2018 Revenue	\$ 506.25	\$ 2,373.14	\$ 2,801.25



Passport Processing

The County Treasurer’s Office is a certified US Department of State Acceptance Facility providing passport processing services Monday thru Thursday 8:30am—4:00pm. The office accepts and processes new applications which requires review of applications and required documentation (identity, citizenship, and parental relationship for applicants under the age of 16) for completeness and accuracy. Once reviewed, staff fully executes and submits the application according to US Department of State guidelines. We also provide reviews of renewal applications free of charge. An annual re-certification process is required for all staff members by the US Department of State to keep up to date on changing guidelines and processing effectiveness.



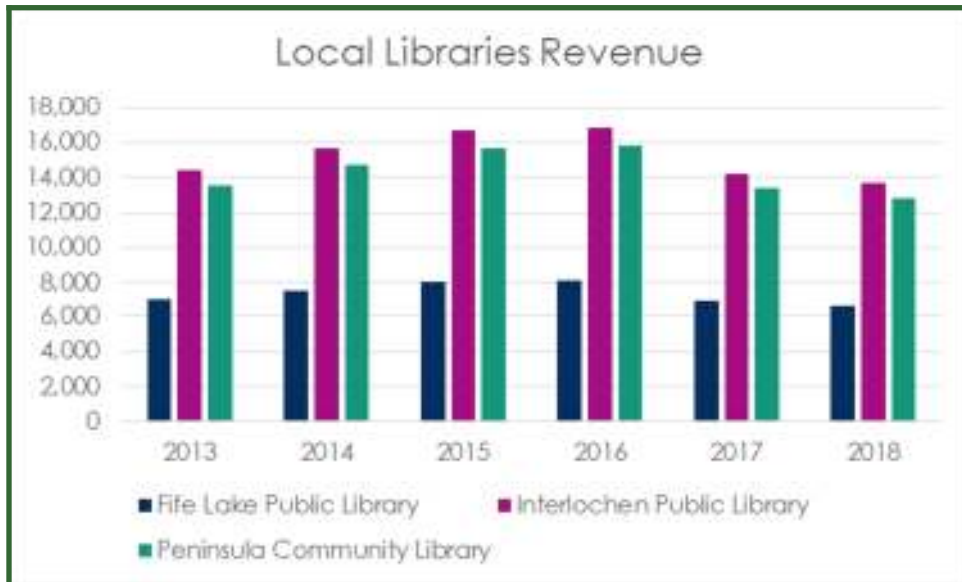
Year	Revenue	Applications Processed
2015	\$ 41,168	773
2016	\$ 52,400	1,999
2017	\$ 54,625	2,191
2018	\$ 52,950	1,671

In April 2018 The U.S. Department of State increased the processing fee charged, and retained by our office, from \$25.00 to \$35.00 per application.

Library Penal Fines

The Michigan Constitution of 1963 requires penalties collected for violations of State penal law be divided by court costs, statutory fees, and penal fines. Fines are deposited into a library fund to support public libraries as required by Public Act 59 of 1964. The Michigan Department of Education sends a listing of eligible libraries and their associated service population, according to the 2010 census or subsequent special federal census, to the Treasurer's Office in July each year. The county treasurer is required to pay local libraries their share of the total collected funds and interest by August 1st.

Library	Population Served	Percentage	2018 Amount
Fife Lake Public Library	2,791	2.7635%	\$ 6,597.04
Interlochen Public Library	5,784	5.7271%	\$ 13,671.53
Peninsula Community Library	5,433	5.3795%	\$ 12,841.88
Traverse Area District Library	86,986	86.1299%	\$ 205,607.21
Totals	100,994	100.0000%	\$ 238,717.66



Brownfields

Funds captured in a Brownfield will only be on specific parcels identified in the Brownfield plan and has a limited timeframe for capture not to exceed 30 years.

In addition to local tax capture a Brownfield usually has the added value of **State tax capture**. This means that the County gets to keep State funds in the community to help clean up any environmental issues that were found during a project. The best example of this is the cyanide plume that was remediated at the Hotel Indigo. The cost to clean the cyanide from the soil was great, but held a greater benefit to the area in keeping the plume from traveling into the bay.

The remediation of old buildings, like the Commons, or underdeveloped property with environmental issues, such as Rivers Edge will also help the area develop and grow.

Below is a map of current Brownfield plans in Traverse City and their expected plan end dates. In addition to the plans in the City, we also have Brownfields in Long Lake, Garfield and Blair townships.

